

# Greater Pittsburgh Chapter

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The ACFE is the professional organization for fraud examiners. The mission of the ACFE is to reduce the incidence of fraud and white-collar crime, and to assist the membership in its detection and deterrence.



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## Joseph A. Paletta, Esq.

### A View From the Other Side...Key Points in the Defense of White Collar Crimes and Criminals

The speaker for January is Joseph A. Paletta, Esq. Mr. Paletta is a successful and effective criminal defense attorney with over 21 years of criminal law experience handling various crimes including white collar crime and fraud. He has represented clients in hundreds of cases that alleged violations of the Pennsylvania Crime Code. Mr. Paletta provides representation in many different types of criminal matters.

A native of Pittsburgh, Joseph Alexander Paletta graduated with a Bachelor of Arts degree, *cum laude*, in European History from Washington & Lee University and his Juris Doctorate law degree from Duquesne University.

Mr. Paletta is admitted to the practice of law in Pennsylvania, including:

- Pennsylvania State Courts
- The U.S. District Court for the Western District of Pennsylvania



## Upcoming Chapter Events

**January 13, 2010**

Joseph A. Paletta, Esq.

A View From the Other Side...Key Points in the Defense of White Collar Crimes and Criminals

**February 10, 2010**

Speaker Invited

## Upcoming ACFE Events

<http://www.acfe.com>

Money Laundering: Tracing Illicit Funds  
Charlotte, NC | February 4-5, 2010

Money laundering is the process in which the origins of funds from illegal enterprises are concealed through a variety of methods, including offshore havens, legitimate businesses and other methods. Learn how international laws and regulations apply to your business and how to incorporate an anti-money laundering process that is right for your company.

### ACFE News:

#### **Ritchie-Jennings Memorial Scholarship Deadline Change**

The new deadline for the [Ritchie-Jennings Memorial Scholarship](#) application is **January 15, 2010**. Please encourage accounting, business, finance and criminal justice majors to apply.

Through the scholarship program, the ACFE Foundation supports the education of collegiate accounting, business, finance and criminal justice students around the globe.

The mission of the ACFE Foundation is to increase the body of anti-fraud knowledge and support future anti-fraud professionals worldwide through the funding of scholarships, endowments, research, and other educational projects. The ACFE Foundation works to encourage students to pursue careers

- The U.S. Court of Appeals for the Third Circuit
- The U.S. Supreme Court

Mr. Paletta takes special pride in his appointment as a Special Master by U.S. District Court Judge Alan Bloch for the U.S. District Court, Western District of Pennsylvania, in 1987.



#### **December Speaker: Damon Hacker, MBA, CCE, CISA President/CEO, Vestige Digital Investigations E-Discovery of Evidence: Is Your Organization Prepared to Preserve, Search and Produce Electronic Evidence When Litigation Strikes?**

The speaker for December was Damon Hacker, President and CEO of Vestige Digital Investigations of Medina, Ohio. Mr. Hacker started his program with a review a Xerox document printout, and how the use of a blue photon LED flashlight can help identify the printer that created the document. This type of technology was used to identify the creator of counterfeit train tickets in Holland.

Mr. Hacker also reviewed the case of an employee of an R&D company that resigned and was suspected of taking company intellectual property with him to his new employer. Although the employee's computer was reformatted, computer forensics were able to recover documents, and e-mails, implicating the employee. As a result, the company was able to obtain a restraining order against the employee and his new employer, restitution and sanctions against a competing company.

in fraud examination and provide resources for research on the detection and deterrence of fraud.

If you have any questions about the scholarship program, please email Keely Miers at [scholarships@ACFE.com](mailto:scholarships@ACFE.com).

### **ACFE Committees**

ACFE members have the opportunity to gain experience and take action by serving on one of the ACFE's [volunteer committees](#). Committee service provides an opportunity to directly influence the activities and participate in the work of the ACFE. The following committees are seeking volunteers:

- Nominations
- Chapter Awards
- Editorial Advisory
- Higher Education
- Professional Development

[Volunteer today](#) to establish yourself as a leader and make an impact on the profession.

### ***A Resource for Your Chapter Members*** **Fraud Risk Assessment**

The ACFE's Fraud Risk Assessment is an invaluable resource for fraud examiners to use in identifying and addressing their clients' or employers' vulnerabilities to internal fraud. Fraud professionals can use this tool to assist organizations in identifying fraud risks and developing a fraud risk response.

There are 15 modules and each module contains instructions, a questionnaire, and a key to interpreting the responses on the questionnaire.

In another case, a dismissed employee of a company allegedly hacked into his former employer's e-mail system and circulated damaging e-mails that would benefit his case against his ex-employer. Computer forensics enabled the employer to track the e-mails back to their source, the ex-employee.

Mr. Hacker talked about a third case in which e-mails were reviewed to identify frequency of words use to identify possible collusion between two parties. Through the use of establishing a statistical variance on the use of words, the process identified a phrase used by the two parties that would not have been identified by normal word search. Through a frequency of word counts, an anomaly was identified that was further reviewed.

Mr. Hacker stated that everything stays on a computer until it is written over. To understand what to look for, you must conduct conceptual analysis to understand how the computer was used. However computer forensics cannot find information that has been written over, and can't identify who was at a computer. Mr. Hacker suggested that you treat a computer like a witness. It is a recording device.

Mr. Hacker discussed how network surveillance over time can detect changes in communication. E-mail may be analyzed to identify changes in communication. E-mails may show an increase in social networks which may show a sign of trouble. These social network tools are rarely used in business settings though.

Mr. Hacker than talked about traditional auditing vs. technology based auditing. In traditional auditing, a statistical sample is identified and the sample is audited. This may find isolated events or miss exceptions if they are not in the sample. Technology can be used to review 100% of the data though. Technology can be used to cross-reference employee addresses to vendor files, and can look for patterns and gaps in data to identify patterns and gaps. Reviewing pattern recognition can also identify items just below thresholds, items processed after hours, and large transactions with new vendors.

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